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# COUNTRY PRESENTATION

# BURKINA FASO

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# INTRODUCTION

1. Burkina Faso, as a land-locked country of the Sahel in the heart of West Africa, is approximately 274,000 $km^2$ in area and has a population of close on 9 million, with 90 per cent living in the rural areas. The population density, at 31 inhabitants per km, is among the highest in West Africa. Situated as it is in a transition zone characterized by considerable variations in rainfall, the land, the biomass and water resources are limited and fragile, and such resources are deteriorating increasingly as a result of bad cropping practices and population pressure.

2. The economic background has been marked by profound political and social upheavals. In terms of the economy, however, the 1980s were by and large a positive decade for the economy. Despite the constraints of being a land-locked country, of a continuing drought and of deterioration in the fertility of the soil, the economy experienced a period of relative growth brought about more particularly by rural development and, to a lesser extent, the development of craft industries. Between 1979 and 1988 the annual rate of GDP growth was approximately 5 per cent in real terms. Average overall demand (final consumption and investment) was also appreciable (4.5 per cent) - higher than the rate of population increase (2.7 per cent).

3. In view of the highly unfavourable international situation, the relative growth in the economy and in household consumption is attributable to the Government's policy of intervention, which was required to redress profound economic and social imbalances. The People's Development Programme stabilized a situation that had greatly deteriorated in 1984. The Programme was then continued by the First Five-Year People's Development Plan, which laid down the strategy for economic and social development, geared to controlling growth, achieving food security and self-reliance, balanced ecosystems, and the development of human resources. The implementation of the Five-Year Plan, faced with external and internal structural constraints, has none the less created macro-economic strains and sectoral imbalances which the Government intends to remedy under a Sectoral Adjustment Programme within the general strategy of the nation's long-term economic and social development. The Programme is designed to ensure that the strategy materializes within a balanced economic and financial framework.

# I. THE SITUATION AT THE END OF THE 1980s

## A. Gross Domestic Product and national demand

### (a) The macro-economic framework

4. The economy of Burkina Faso, despite the adverse effects of the international economic crisis, performed quite satisfactorily in the course of the decade, particularly from 1985 to 1988; the period before that had been marked by fluctuating growth, due to output in the agricultural sector.

5. The average annual GDP rate during the 1979-1988 period was 4.9 per cent in real terms as a result of agriculture, the mining sector and the public administration, namely a rate much higher than the rate of population increase. This performance is praiseworthy, but it should be noted that there were poor years, such as 1980, 1983 and 1984, in which the annual growth rates were low, or even negative, i.e. +1.8 per cent, +0.8 per cent and -1.9 per cent respectively.

6. National demand is characterized by high private consumption and by positive savings.

7. Overall final consumption showed an irregular rate of growth between 1979 and 1988. From 1979 to 1988 it was markedly lower than the rate of population increase, with an average growth rate of less than 1 per cent a year. On the other hand, the trend was reversed in 1986 and 1987, and over the period as a whole average annual growth in overall final consumption stood at 4.8 per cent.

8. Final household consumption, which is the main component of overall final consumption (approximately 85 per cent), shows sharp annual swings, doubtless as a result of fluctuations in agricultural output and seasonal receipts from repatriation of wages by emigrants.

9. National savings have always been positive as a result of transfers by emigrants and official transfers. However, although national savings increased rapidly in 1985-1988, they shrunk sharply in 1989.

10. The overall average rate of investment was around 30 per cent over the whole period. Investment was none the less marked by major annual fluctuations, particularly at the end of the period. As in the case of GDP, the rate of growth in investment was slow and uneven between 1979 and 1984 and regularly speeded up from 1985 onwards. The bulk was made up of investments by public administrations and by private non-profit-making institutions (respectively 34 per cent and 1.7 per cent of total investment).

## B. Balance of payments

11. The balance of payments was slightly on the positive side throughout the period, except in 1989, when there was a shortfall of CFAF 22 billion. Consequently, gross international reserves rose from 1985 to 1988 from the equivalent of five to seven months' imports, more particularly on account of accumulated arrears of external payments by the Treasury (68 billion, including 39 billion abroad - 22 billion for Côte d'Ivoire alone) shrunk very sharply in 1989. By the end of the year, they amounted to less than five months' imports.

(a) Trade balance

12. Over the period 1983-1988, the trade deficit in relation to GDP was an average of 22 per cent, with a tendency to fall. In this deficit, 41 per cent can be ascribed to the trade imbalance with EEC, 27 per cent to CEAO and 22 per cent to OECD excluding EEC.

13. Burkina Faso's trade balance shows a deficit for structural reasons, a deficit that varies quite substantially from year to year. From CFAF 63 billion in 1980 and 1981, after a slight improvement in 1983 and 1984, it grew steadily worse each year from 1985 onwards and reached 824,163.8 million in 1988. In all, the export/import coverage ranged from 27.4 per cent and 48.3 per cent.

14. Burkina Faso's official imports are still largely dominated by the following main groups of products:

(i) Services, which account for an average of 28 per cent of annual imports;

(ii) Intermediate goods, which accounted for 19 per cent of official imports in 1979 and 26 per cent in 1988, with an average annual increase of 6.4 per cent;

(iii) Food products (grain products and food aid chiefly), which accounted for approximately 16.5 per cent of total annual official imports during the 1979-1988 period;

(iv) Petroleum products, averaging 8 per cent of annual imports from 1979 to 1984, and 6 per cent from 1985 onwards.

15. By and large, imports still fluctuated during the period under review. They rose in 1982 and from 1985 to 1987.

16. So far as trading partners are concerned, Burkina Faso's imports, by order of importance, are from the countries of EEC, CEAO and OECD excluding EEC, with an average of 42 per cent, 17 per cent and 11 per cent respectively.

17. Exports. Production is so sluggish that Burkina Faso is not a major exporter of goods and services. The bulk of exports are agricultural and agro-industrial products.

18. Apart from services, which constitute a large share (approximately 25 per cent) of the volume of annual official exports, exports of cotton and manufactures are the principal items, i.e. 24.52 per cent and 13.84 per cent a year during the period under review. Livestock products (official exports), which accounted for 20 per cent of all exports in 1979, represented no more than 2.15 per cent in 1988. The reason for this situation lies in the fact that Cote d'Ivoire, the main client, now has other cheaper sources of supply.

19. Burkina Faso exports mainly to EEC, CEAO and OECD excluding EEC.

(b) Other balance-of-payments items

20. The balance of payments remained positive throughout the decade, despite the trade deficit, because of net transfers (private and public) which rose from 57 billion in 1979 to approximately 140 billion in 1988. Over the same period, net capital flows rose from 13 billion to approximately 31 billion.

C. External debt

21. State intervention in economic affairs to foster the national development called, among other things, for quite substantial financial resources. With few funds of its own, the State was obliged to resort to loans, notably from abroad. Outstanding external debt stood at CFAF 228,846 million in 1985, i.e. about $US 750 million.

22. Some 35 foreign partners have granted loans to Burkina Faso, in the following four categories:

(i) Mainly multilateral loans. Over the 1984-1988 period, they accounted for an average of 64.1 per cent of the outstanding debt. The amount rose to 148,147.16 million by the end of 1988. By far the largest donor is the World Bank (52.3 per cent in 1980), followed to a considerably lesser degree by the Aid and Development Fund (FAD) with 11.4 per cent. There are essentially three explanations for the preference for multilateral loans. To begin with, the lenders are in a position to provide substantial financing; secondly, rates of interest are generally quite low: (0.5 per cent for AID and FAD); lastly, in principle the aid is untied;

(ii) Bilateral loans. At an amount of CFAF 77,314.87 million by the end of 1988, bilateral loans accounted for 33.8 per cent of the overall outstanding debt. France is the largest contributor to these bilateral loans, through the Caisse Centrale de Coopération Economique (CCCE);

(iii) Loans from finance institutions; and

(iv) Supplier credits. Loans from finance institutions are quite low: at CFAF 2,620.26 million, they are only 1.1 per cent of the overall outstanding debt, whereas supplier credits play only a slight role.

D. Public finances

23. The gradual improvement in economic activity since 1985 has not led to sufficient growth in budget revenue compatible with State expenditure. The result is a regular rise in the overall budget deficit and a disturbing increase in payment arrears at the very time when some public independent establishments continue to hold substantial liquidities from the revenue concerned. This reveals a financial imbalance that is tending to become structural.

(a) Budgetary expenditure

24. On the basis of commitments for the 1984-1988 period, public expenditure, at current value, moved fairly rapidly with an annual average rate of growth estimated at 11 per cent, i.e., exactly the same rate of growth as for nominal GDP over the same period.

25. Current expenditures, which represent an average of 86.6 per cent of total expenditure, rose by 10 per cent a year over the period. Under the heading of current expenditure, expenditures on personnel, current transfers (education appropriations and scholarships, retirement pensons ...), as well as expenditures on equipment, have grown rapidly.

26. As to public investment under the national budget, payments over the last five years denote an uneven financial effort by the State. In 1985 and 1987 the State assigned approximately 11 per cent of its resources to capital outlays, but the amount fell to less than 6 per cent for the other years in the period.

(b) Revenue

27. During the 1984-1988 period, fiscal revenue, at current value, rose at an average rate of 6 per cent a year. Current revenue, which accounted for 90 per cent of total revenue, was clearly below the annual average rate of nominal GDP, estimated at 11 per cent over the period under review. In terms of the rate of GDP growth in the modern sector, to which it is most tied, fiscal revenue has experienced more rapid growth in the past five years.

28. On the basis of collection during the 1984-1985 period, fiscal revenue, consisting in order of importance of Customs duties, direct taxes, indirect taxes and registration and stamp duties, supply the bulk of the State's budget (an average rate of 83 per cent).

29. Since 1988 this category of revenue seems to have started to fall off significantly, after rapid growth in 1984 and 1987 (+15 per cent).

30. The average level of collection in terms of budget estimates was about 80 per cent over the whole of the 10-year period.

31. Capital revenue made only a marginal contribution to the State budget, totalling less than 1 per cent of all revenue.

(c) Budget deficit

32. A comparison of the situation regarding revenue, characterized by a marked slowdown in the rate of growth since 1988, with the situation regarding expenditures, clearly reveals a growing gap that is a source of the present imbalance in public finances. On the basis of expenditure commitments, the deficit in terms of revenue collected was systematic from one year to the next between 1985 and 1988. As from 1986 onwards, the budget deficit grew much worse and led in turn to an increase in payment arrears.

33. The consolidated fiscal deficit (on the basis of payment orders and excluding grants) of Treasury operations and foreign-financed State investments averaged 14.1 per cent of GDP in the 1985-1989 period. Although

foreign aid financed more than 90 per cent of investment, the State was unable to find sufficient resources to meet both current expenditure, the local counterpart of investment projects and debt servicing. This lack of resources can be explained in part by the allocation of a substantial portion of revenue to extrabudgetary achievement of certain social objectives. Consequently, domestic and foreign payment arrears accumulated and the outstanding debt at the end of 1989 was estimated at 60.7 billion, i.e. two thirds of budget revenue.

34. Generally speaking, the difficult financial situation lies in the fact that:

(i) The State controls only part of the financial operations of Public Administration;

(ii) Expansion of revenue is held in check by a weak tax base, the large number of exemptions and inadequacies in the tax structure and in tax collection; and

(iii) A substantial share of budget resources is absorbed by the wage bill and current transfers, to the detriment of investment and purchases of the requisite goods and services for the proper functioning of administrative services.

E. Money and credit

35. Burkina Faso's monetary situation was marked over the decade by a substantial increase in net foreign assets and by poor growth in internal credits. The money supply rose at an average annual rate of 13.8 per cent. In view of the trend in nominal GDP, the economy's liquidity rate (money supply/GDP) rose gradually from 15.8 per cent in 1983 to 20.5 per cent in 1988.

36. Foreign assets started to recover in 1983 and led to a clear strengthening of the Central Bank's monetary situation and a reduction in deposit banks' foreign liabilities.

37. With regard to domestic credit, consisting of credit to help the economy and the Net Government Position:

(i) Ordinary long- and medium-term credit to help the economy rose more quickly than short-term credit: 9.5 per cent as against 7.9 per cent;

(ii) The Net Government Position (NGP) changed rapidly from a debt position in 1982 to a credit position from 1983 onwards, as a result more particularly of deposits of public establishments of an administrative character and more specifically the General Price Equalization Fund and the International Social Security Fund.

38. Among the components of the money supply, bank deposits were the quickest to increase (14.6 per cent a year), the result of deposits by public bodies (25 per cent of deposits with banks in 1988, as against 7 per cent in 1982).

F. Employment and incomes

39. The agricultural sector, because of its importance in the structure and dynamism in the country's economy, is still the main job and income-generating sector. But very low agricultural yield, as a result of climatic hazards and rudimentary farming techniques is such that the earnings of the rural population are very low. A very short rainy period means that the rural population experiences massive underemployment for a long period of the year. Out-of-season crops none the less occupy a small portion of the rural population during the dry season.

40. Urban wage-earning employment tripled between 1975 and 1985. However, this trend was by no means satisfactory, in view of the increase in the active population. Since the industrial sector is not developed, the largest employers of wage and salary earners are to be found in commerce, financial establishments and the public administration. Even if the semi-public sector is included, the administration is the largest employer. Actually, there has been a regular increase in State employees, despite measures to streamline the civil service.

G. Rural development sector

41. The agricultural sector has a major place in the country's economy. Although the area under cultivation, 52.5 million hectares, forms only 9 per cent of the total area and 28 per cent of the arable land, it contributes approximately 20 per cent to GDP and is a major source of jobs and income for 90 per cent of the population.

42. The sector's added value rose at a remarkably high rate of 7 per cent a year during the 1982-1987 period. This growth trend, masked by fluctuations tied in with rainfall, can be attributed to three factors: first, the Government's promotion programme, which involved support for production and training and led to increased productivity; secondly, the increase in the area under cultivation; and lastly, spontaneous settlement of land in the south and south-west.

43. Grain production rose remarkably from 1.6 million tonnes in 1985 to 2 million tonnes in 1988, thereby cutting grain imports by two thirds since 1986 and placing food self-reliance within easier reach.

44. Livestock, for which there are no real statistics, has a substantial place in the agricultural sector, occupying approximately 6.3 per cent of the population and supplying close to one third of export earnings. Its share in GDP has none the less fallen markedly over the last 20 years, from about 20 per cent in the 1970s, to 12 per cent in the 1980s and with a contribution to GDP that is still falling.

45. Livestock-raising is still essentially along traditional lines. The low level of training and the inadequate organization of breeders for production and marketing, the poor animal hygiene and the difficulties in feeding the animals make for relatively low livestock productivity and livestock-raising in Burkina Faso thus becomes non-competitive at both the subregional and the international levels.

H. Industrial sector

46. The industrial sector, in the broad sense, comprises manufacturing, mining and energy. From 1979 to 1989, overall growth was very low.

47. The contribution to GDP of the manufacturing industry, the second after agriculture, ranged from 16 to 22 per cent over the period in question.

48. Characterized as it is by a modern sector alongside a traditional sector, it produces, above all, import substitutes and therefore the sector exports little - less than 5 per cent of all exports. It is concentrated chiefly in two areas, namely Ouagadougou-Koudougou and Bobo-Dioulasso-Banfora.

49. The largest branch is the food industry (food products, beverages and tobacco), which accounted for approximately 25 per cent of industrial production in 1986. The textile industry accounted for 23.03 per cent, and the metal industry 12.65 per cent. It should be noted that, overall, the production capacities of the various industrial units are under-used.

50. The mining potential in Burkina Faso is fairly large: massive sulphur deposits in Perkoa, gold in Gorom Sebba and Arbinda, manganese in Tambao and Kiéré, limestone in Tin Hrassan and bauxite in Kongoussi, etc. The mining industry is none the less at the embryonic stage and is confined to industrial use of goldmines by SOREMIB and semi-industrial use by SOMICOB and SMG, as well as to gold washing.

51. The energy sector consists of electricity production, hydrocarbons, new and renewable energy and the biomass.

52. Up until 1988, 100 per cent of electricity in Burkina Faso was from thermal sources. In 1989, the Kompienga hydroelectric dam was commissioned and, from 1979 to 1986, there was a regular increase in electricity production and consumption as a result of more installed capacity and larger networks.

53. As far as hydrocarbons are concerned, the oil bill steadily increases. Imports come through three countries, namely Côte d'Ivoire, Togo and Benin.

54. New and renewable energies and the biomass are still virtually at the experimental stage. To compensate for environmental degradation, fuel-efficient stoves were distributed on a massive scale, more then 350,000 such stoves were built in 1986 and 1987.

I. Transport and communications

55. The fact that the country is land-locked, along with its geographical position, makes the transport and communications sector a strategic matter and hence the importance that is attached to it. Overall, transport and communications contribute 10 per cent to GDP formation. Road transport is on the increase from year to year. From 1974 to 1988 the road network rose from 7,780 km to 13,070 km, i.e. an average of 350 km of new roads each year. These quantitative performances have been enhanced by improved road quality. For example, all the main arteries with neighbouring countries are entirely asphalted.

56. Long in the hands of small carriers, the road transport service is now dominated by private transport companies (Sans Frontières, etc.) and public companies (X9, Faso Tours, etc.). This reflects efforts at organizing the sector.

57. Rail transport has deteriorated a great deal in recent years with the fall in passenger and goods traffic. The crisis in the Régie Abidjan-Niger (RAN) led to the break up of the company and the establishment of two separate companies, including Burkina Railways (SCFB). The rail network is 525 km long, with a 100 km extension from Ouagadougou to Kaya. Despite these difficulties, the railways continue to play a large role in our foreign trade - almost 70 per cent is handled by rail transport. Imports of grains, hydrocarbons, cement, agricultural inputs, and exports of cotton, meat and livestock, are by rail.

J. Social sectors

(a) Education sector

58. At the start of the 1987-1988 school and university year, formal instruction in Burkina Faso was provided for 500,000 pupils and students registered with existing teaching establishments. The majority (nearly 80 per cent of the total) are in primary schools, and the remaining 15 per cent are in secondary education (14 per cent) and higher education (1 per cent).

59. During the 1978-1988 period, the numbers in primary education rose at an average rate of approximately 10 per cent, markedly higher than the rate for the school age population.

60. This rapid increase can be explained by the speedy growth in infrastructures (schools and classrooms). With the implementation of the People's Development Programme (1984-1985) and the First Five-Year People's Development Plan (1986-1990), approximately 200 new State schools were opened every year, i.e. more than 550 new classrooms.

61. As to the instruction of pupils, it should be emphasized that the increase in numbers has led to an increase in the average number of pupils per teacher: 68 per teacher for the country as a whole, against an average of one teacher for 40 pupils in Sub-Saharan Africa as a whole.

62. At the start of the school year in October 1987, the number of pupils in secondary education totalled approximately 72,300: nearly 93 per cent in general education, 6.4 per cent in technical education and 0.6 per cent intended for teacher training.

63. During the period 1978-1979 to 1987-1988, the numbers increased at an average of 14.61 per cent a year. The number of classrooms in State education increased sharply (23.15 per cent) between 1983-1984 and 1987-1988, under the People's Development Programme and the current Five-Year Plan.

64. In spite of efforts to decentralize State secondary schools, pupils are concentrated in the main urban centres and account for about 30 per cent of the pupils in secondary education.

65. Technical and vocational education in Burkina Faso has not been developed, although it has been in existence for some time. At the start of the October 1986 academic year, only 4,266 pupils were in technical secondary education, including nearly 2,600 (61 per cent) in the short programme and 1,665 (39 per cent) in the long programme.

66. It should be noted that, in the main, the number of pupils in technical secondary education tends to decline in terms of secondary education as a whole. The number of pupils in the short programme fell from 10 per cent in 1983-1984 to about 5 per cent in 1986-1987 and those in the long programme from 14.5 per cent to 11.5 per cent during the same period.

## II. MEASURES TAKEN AT THE NATIONAL LEVEL SINCE THE ADOPTION OF THE SUBSTANTIAL NEW PROGRAMME OF ACTION

### A. The context

67. The 1983-1989 period was marked by major socio-political and economic upheavals brought about by the advent of the People's Democratic Revolution. These upheavals occurred at a time when years of protracted drought had begun to cause virtually negative real growth in the national economy as a result of shortfalls in agricultural production and stagnation in the industrial sector.

68. The advent of the revolution made it possible to put into effect an economic policy with the fundamental aim of building a self-reliant national economy.

69. Two main instruments have been employed to attain this principal objective: the People's Development Programme (PPD) and the People's Five-Year Development Plan (PQDP).

### B. Plan and programmes

#### (a) The People's Development Programme (PPD)

70. In essence, the PPD was designed to test the capacity for mobilizing the people of Burkina Faso to participate in national development, to give them confidence and to utilize labour as a factor in achieving emancipation and progress based principally on the people's own efforts.

71. The Programme set the following main objectives:

(i) To mobilize national resources through a policy of co-operation involving not only all the ministries and public bodies concerned but the whole of the political system and the local communities down to village level. This was the thrust of the Basic Programme, which although modest (CFAF 9.2 billion) was financed entirely by national contributions; it consisted of a series of small projects, initiated at the provincial level by the peasant masses themselves to meet their basic needs, and its implementation was entirely their responsibility;

(ii) To co-ordinate external aid, under a major Support Programme (CFAF 119.4 billion), to meet the country's main economic and social objectives; the projects were conventional and were initiated and implemented by the central Government;

(iii) To organize a special effort to promote a small number of major national priority projects designed to give a substantial boost to the national economy (CFAF 14 billion), in particular the dams at Kompienga and Bagré and the Sahel railway.

72. With respect to sectoral choices, the People's Development Programme set four main priorities: food security (the rural development sector receiving 23 per cent of investment funds), water (19 per cent), basic social services and human resources (12 per cent).

73. By virtue of its modest scale, choice of projects, limited time-frame, good preparation and mobilization throughout the period of implementation, the People's Development Programme performed well - except in hydraulic engineering (28 per cent) - in agriculture (65 per cent), human resources (65 per cent) and transport (71 per cent).

74. The most significant result is that the conceptual efforts which led to the elaboration and execution of the PPD with massive popular support, have, inter alia, made it possible to:

(i) Improve productivity in agriculture;

(ii) Develop local resources;

(iii) Develop national land resources, thereby increasing crop yields (dykes to prevent erosion, reforestation, dungpits, reclamation of marshland, reservoirs, grassland irrigation);

(iv) Provide accelerated guidance and training for the rural population.

75. The PPD was immediately followed by the first People's Five-Year Development Plan, which drew on the participatory development of the PPD.

(b) First Five-Year People's Development Plan

76. As with the People's Development Programme, the preparation of the Five-Year Plan (1986-1990) required broad-ranging national co-operation and consultation.

77. The strategy of the plan comprises five main objectives:

(i) To increase domestic production;

(ii) To ease external constraints gradually;

(iii) To mobilize national savings, both public and private, redirecting them mainly into domestic productive activities;

(iv) To promote employment, particularly in production and support activities in the rural sector;

(v) To raise incomes and maintain purchasing power, especially for the most disadvantaged segments of society.

78. The investment programme of the Five-Year Plan was more ambitious (CFAF 629.9 billion). It assigned the highest priority to hydraulic engineering (24 per cent) and to agriculture and livestock-rearing (20 per cent), followed by transport (18 per cent), energy (10 per cent), mining and industry (9 per cent) and human resources (8 per cent).

79. The rate of delivery of the Five-Year Plan was of the order of 53 per cent, allowing for downward revisions of disbursements at the beginning of each year. By sector, the rates were relatively high in hydraulic engineering (68 per cent), health and social affairs (67 per cent), transport and communications (64 per cent) and energy (61 per cent).

80. The difficulties encountered in implementing the Five-Year Plan were:

(i) Technical: difficulties in understanding and assimilating the methodology of the Plan (overestimated or underestimated project costs, confusion as between objectives and accompanying measures), inadequate training of project directors in the administrative and financial management of projects. This shortcoming gave rise to many frequent errors in the financial operation of the Plan (confusion between the overall cost and money cost of projects, secured funding and commitments, rate of absorption and rate of implementation);

(ii) Organizational: very large turnover among project execution of staff, unwieldy administrative procedures, shortages of manpower, materials and logistic support;

(iii) Institutional: two major difficulties to be noted were the failures to respect planning discipline and to uphold the authority of the Research and Planning Directorates of the sectoral ministries as bodies responsible for the planning process. This led to inefficiency (many requisitions for the same project, confusion among lending institutions, larger importance attached to non-mandated projects).

81. The effects of these constraints were a rising rate of public indebtedness, the gradual exhaustion of private finance, the difficulties encountered by the masses in making their own contribution to the development process, the proliferation of new projects and the programming of projects that were premature or not feasible.

C. Macro-economic policies

82. To support planning efforts and substantially increase the State's investment resources for project funding, a series of measures were put into effect to streamline the public sector.

83. Budget policy was aimed at optimal mobilization of State resources with a view to releasing the savings needed for priority financing of the operations called for in the Plan. Another aspect of this policy was strict control of current expenditure.

84. The short- and medium-term measures to increase the State's resources involved improving and broadening the tax base and enhancing methods of revenue collection (deductions at source) from taxpayers.

85. The main long-term fiscal policy target set by the Five-Year Plan is to accomplish a gradual transition from border taxes to domestic taxation on production, distribution and consumption.

86. In 1986 the State began a policy of disengagement from and rehabilitation of the semi-public sector, and the intention is to reinforce this policy in the future.

D. Sectoral policies

(a) Rural development

87. The strategy of rural development gradually elaborated since 1986 has three dimensions to it:

(i) An economic dimension: the concrete objectives are to achieve food security and self-reliance and make a decisive contribution to improving the trade balance;

(ii) A social dimension, where the target is raising the incomes and living standards of producers and their families;

(iii) A dimension involving conservation of land resources, together with the optimum utilization of the land as a continuing priority.

88. These four basic strategic objectives constitute the framework within which current programmes and policies have been formulated, especially under the Five-Year Development Plan.

89. With respect to achieving food security and self-reliance and improving the trade balance, efforts have focused on intensifying rain-fed crop production and developing irrigation farming, and also on diversifying revenue-earning products, stability of supplies and controlled intensification of livestock production.

90. The policy aimed at raising the incomes and standards of living of producers and their families has been applied on a voluntary basis, covering the organization of the peasant community and the advancement of women in developing and improving their working conditions. The Government has sought to maintain adequate earnings for farmers by means of a favourable price policy and higher employment among the active agricultural and rural population. As to related structures, it has focused on providing better access for peasants to credit facilities and support for product marketing.

91. With regard to the conservation of land resources, institutional and legal measures were implemented through land reform and physical planning.

(b) The environment

92. In support of rural development efforts, and especially with a view to protecting and restoring forests and soils, a programme to combat desertification was instituted. The idea was essentially to protect and regenerate timber stocks and contribute to higher plant production.

93. The programme consists of three types of measures:

(i) A series of measures directed towards the population: supplies of wood were organized, fuel-efficient stoves were distributed and checks on the migration phenomenon were strengthened;

(ii) The second type of measure involves forest conservation through the establishment of reserved forests, protection and reconstitution of gallery forests and rational management of forest resources;

(iii) The third type of measure, dealing with reforestation, involves supplying the public with seedlings and saplings for replanting, strengthening the operation of the 96 departmental tree nurseries, creating 160 new nurseries and meeting the demand for forest planting stock by supplying seeds of satisfactory physiological and genetic quality for a wide range of species.

(b) Hydraulic engineering

94. Water management is of special importance in further improving the people's essential material requirements and health, protecting and restoring the environment by countering the effects of uncertain rainfall and the damage caused by water, and ensuring a regular supply to all sectors of the national economy which depend on water.

95. Thus, with a view to increasing the supply of water to rural and urban populations, the Government's objective has been:

(i) In urban and industrial areas, to give priority to the strengthening and extension of the 23 existing centres and in particular to water supply to the city of Ouagadougou;

(ii) In villages and pastoral regions, to provide 20 litres a day per hectare to rural populations by creating new wells and repairing existing facilities.

96. A training component has made it possible to train engineers, technicians and administrative and financial staff.

(c) Transport

97. Given the land-locked nature of the country and the need to integrate the subsistence sector, the strategic objectives have been as follows:

(i) To provide a reliable and structured national network capable of supporting the development of interregional trade, permitting the movement of agricultural produce from surplus areas to areas with shortages, and facilitating the supply of different types of manufactured goods to various localities;

(ii) To open up Burkina Faso to the outside world through the development of air transport;

(iii) To organize and structure transport activities, and in particular to rationalize management of the road transport sector.

98. To achieve these strategic objectives, a number of measures have been taken:

(i) Preparation of a Transport Master Plan. Transport policy must be pursued from a long-term standpoint, reflecting the predominant distribution and growth trends of the population and production facilities and taking as its basis the national blueprint for physical planning;

(ii) Maintenance and rehabilitation of the existing national road network;

(iii) Extension of programmes for the construction of rural roads in areas traditionally producing surpluses and in those where produce is traditionally in short supply;

(iv) Asphalting new national highways linking up with the asphalted international network;

(v) Extension of the Abidjan-Ouagadougou railway to Kaya, the first section of the Sahel railway;

(vi) Improvement of airport infrastructures, especially by the construction of five secondary provincial air strips, building new facilities at the Bobo-Dioulasso airport and lengthening of the runway at the Ouagadougou airport.

(d) Human resources

99. Under the People's Development Programme (PPD), three targets have been set to meet the training objective:

(i) To adapt education to the needs of the country's economic, social and cultural development;

(ii) To promote education of the largest possible number of people, reducing regional and social disparities, facilitating access by girls to education and maintaining school infrastructures;

(iii) To ensure the quality of education by linking theory with practice, guaranteeing continuous training of teachers and providing schools and universities with appropriate teaching materials.

100. The Five-Year Development Plan called for a comprehensive reform of education, to ensure that training is suited to specific needs, and the priority development of basic education on a more egalitarian footing.

101. With regard to secondary education, Government policy has been:

(i) To improve general education by gradually introducing instruction in computer science, improving career guidance and strengthening institutional measures to guarantee the quality of private education;

(ii) To strengthen technical education, which has involved defining the forms of technical training to be provided and developed, and ensuring co-ordination between technical education and conventional forms of vocational training.

102. The strategic objective set during the elaboration of the PPD with regard to public health was to provide health service coverage for 85 per cent of the population by 1990. This overall objective will be pursued by attaching the highest priority to primary health care, bearing in mind the need to ensure greater equality in the allocation of available resources.

103. Since all factors influence health (water, nutrition, education), the situation is a reflection of development policy as a whole.

104. In the area of public health, the Government has concentrated its efforts on:

(i) Improving the national health system, along with prevention in the broadest sense, by more village health centres;

(ii) Strengthening the planning capacity of the various structures providing assistance under the auspices of the Ministry of Health;

(iii) Appropriate training and recycling of medical and paramedical personnel, with emphasis on primary health care.

## III. MEASURES TAKEN AT THE INTERNATIONAL LEVEL

### A. Official development assistance

105. The annexed table shows net disbursements of official development assistance in millions of current United States dollars (source DAC/OECD):

The ODA/GNP ratio showed a steady rise between 1976-1977 (14 per cent) and 1984-1986 (18 per cent), but then fell in 1987 (and probably also in 1988) owing in particular to the decline in aid from the United States and the World Bank;

ODA was on average $US 31.4 per capita in 1985-1987, or significantly less than for the other land-locked Sahelian countries, as the following data show: Burkina Faso $US 31.4 per capita/year; Mali $US 49.0 per capita/year; Niger $US 45.5 per capita/year; Chad $US 35.6 per capita/year.

106. The relationship between multilateral and bilateral aid has hardly changed over the past 10 years: multilateral aid accounts for a third of ODA and bilateral aid for two thirds. This ratio is similar to that for countries such as Mali or Niger. However, the proportions of the various aid flows within each of these two categories have varied significantly during the period under review.

107. With regard to multilateral aid, the two most important sources are EDF and IDA, which together account for half of all multilateral aid, followed by the United Nations agencies (especially UNDP) and FAD.

108. Bilateral aid today comes largely from France, followed by the Federal Republic of Germany, the Netherlands, Italy, the United States and Canada. The volume of French aid varies, but was particularly low in 1985/86 (14 per cent of total aid as against 25 per cent in 1980/81) and there has been a significant increase from the CCCE.

109. The trends in the allocation of aid by sector were as follows:

Marked decline in aid commitments for social infrastructure, services and economic infrastructures (transport and energy), which fell from 50 to 25 per cent of total commitments between 1984 and 1987;

Strong increase in aid commitments for the productive sectors (agriculture, industry, mining, etc.), which amounted to more than a third of commitments in 1987 as against only 14 per cent in 1984;

Stability of "technical co-operation" activities, which for the most part involve the provision of external technical assistance: these activities represent on average 25 per cent of external aid commitments.

110. One of the characteristics of this sectoral apportionment is that Burkina Faso receives a very much lower volume of non-project aid than other Sahelian States (less than 10 per cent of total aid, compared with more than a third in the case of Niger or Senegal), this being connected with the fact that it has not as yet instituted an economic and financial adjustment policy with the help of the Bretton Woods institutions.

111. The situation regarding the financial conditions for new ODA commitments is shown in the table below:

| | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|
| OECD bilateral aid (excluding France) | 100% | 100% | 100% | 100% |
| French aid | 77.3% | 82.7% | 77.7% | 70.4% |
| Multilateral aid | 86.5% | 89.8% | 91.3% | 96.1% |

112. This table shows the special nature of French aid: it is the only bilateral aid from an OECD country to be provided in the form of loans and with a grant element.

(a) OECD bilateral aid

(i) Project aid

113. The Federal Republic of Germany provides very diversified financial and technical co-operation. While infrastructures, especially transport, energy and water supply, took precedence in the past, it has now been decided to focus co-operation, as a matter of priority, on food security, livestock production, public health, hydraulic engineering and integrated rural development.

114. Italy became a new partner of Burkina Faso in 1985. Priority in the allocation of Italian aid is given to infrastructures and to rural development (mainly in the eastern part of the country); Italian aid favours projects generating services and orders for the Italian economy.

115. The United States, despite Burkina Faso's favourable image in USAID, has curtailed its activities very extensively over the past few years (suspension of the co-operation programme between 1983 and 1987, withdrawal of the Peace Corps in 1986) and confined itself to providing substantial food aid (especially at the time of the 1984-1985 drought).

116. Canada has regularly increased its aid to Burkina Faso since the early 1970s. Since 1982-1983, as part of a regional approach, it has decided to give precedence to very small-scale projects.

(ii) Non-project aid

117. Besides emergency aid (food aid in particular) and the mobilization of counterpart funds linked to such aid, non-project aid comes from the Netherlands (fertilizers and fuel), amounting to approximately CFAF 2 billion a year, from the Federal Republic of Germany in the form of goods of German origin worth about CFAF 0.8 billion a year (mainly capital goods), and from EDF through funds derived from STABEX disbursements.

(b) Multilateral aid

118. The World Bank has assisted Burkina Faso in the form of AID credits. Thirty projects were financed between 1969 and 1985, mainly in agriculture (15 projects) and transport (5 projects), which accounted for two thirds of the financing.

119. Between June 1985 and May 1988, the World Bank granted no new credits to Burkina Faso because of a fundamental disagreement on the Government's economic policy, but it was very much present in project follow-up and carried out various sectoral studies or missions. Since May 1988, further commitments have been made: two credits were granted, one for agricultural research and the other for support to agricultural producers. A number of projects are under study, especially in the sectors of transport (cofinanced sectoral loan), urban development and water supply to Ouagadougou.

120. The European Development Fund has taken both a sectoral and a geographic approach in its aid strategy. The sectoral priorities are to increase food production and combat desertification.

121. In addition to the African multilateral institutions (ADB, BOAD) and Arab or international institutions (IFAD), whose assistance remains fairly small, the United Nations provides substantial development aid, through UNICEF and especially UNDP. The UNDP programme is mostly for project planning and monitoring, and also agriculture and rural development.

B. Co-ordination of external aid

122. A General Directorate for Co-operation under the Ministry of Planning provides systematic follow-up of international aid in conjunction with the Ministry of Foreign Affairs.

123. At the international level, monthly meetings are organized (EDF, Netherlands, Federal Republic of Germany, Italy, Belgium and France). They facilitate the co-ordination of aid from the European countries, especially

where national requests are presented simultaneously to several donors. However, operational and sectoral co-ordination (preparation of meetings with lenders) is still weak, despite the potential advantages.

124. At the national level, external aid flows are poorly co-ordinated. At the sectoral level, the co-ordination provided by nationals and their various partners is fairly satisfactory, notably in the field of health; however, it is most unsatisfactory in the hydraulic engineering and transport sectors.

125. The level of external aid received by Burkina Faso over the past 10 years has been high, but the political and economic trends during the period 1983-1987 did not allow the country to mobilize all the external financing it might have received, especially from the United States and the World Bank.

126. With all aid flows it has been difficult to find viable projects permitting a rapid disbursement of funds, especially in the rural sector, which is universally acknowledged to be a priority.

## IV. THE ACCELERATION OF DEVELOPMENT IN THE 1990s

### A. The major objectives of the decade

127. The process of building a society that draws the resources for its expansion from a developed national economy with sustained growth has to be based on major objectives that determine the feasibility of the planned development.

128. The first objective is demographic balance, so that the outlines of the future society can be identified and defined.

129. Secondly, it is important to guarantee the conditions necessary for food independence, in particular through a policy of food security and self-reliance.

130. Thirdly, the conditions for the society's survival must be established by ensuring that the interdependent balance between ecosystems and the environment is maintained and improved.

131. Lastly, the conditions for accelerated and sustained economic growth must be established.

#### (a) Control over demographic growth

132. Control over this fundamental variable is a prerequisite for optimum societal management, whether in terms of satisfying fundamental needs - food, health, education and housing - or the judicious distribution of the society's members throughout its territory or among the various sectors of activity.

#### (b) Control over food security and self-reliance

133. Essential food needs must be almost exclusively met by national productive capacity.

134. Products must be constantly available throughout the whole of the territory by developing means of communication, of storage and preservation

infrastructures, implementating a distribution system that provides adequate coverage, and shaping a pricing policy that takes into account the interests of producers, consumers and those who provide services.

135. An effort must be made to obtain voluntary and constructive support from peasants, stock-breeders and economic agents as a whole through their collective organizations - associations, groups, pre-co-operative organizations and co-operatives.

(c) Control over balanced ecosystems and the environment

136. The design and implementation of a long-term strategy for control over interdependent and balanced ecosystems and the environment is a sine qua non if the population is to be guaranteed a habitat and an environment conducive to full development.

137. Proper environmental control necessarily requires significant measures in the areas of water, mineral and forest resources and plant and fauna formation. This in turn requires effective implementation of agrarian reform and a proper spatial distribution between surfaces used for crop production, those used for livestock raising and for plant cover.

138. Ad hoc research, together with proper training and education, will be provided for the population in order effectively to combat drought and desertification. It will be necessary to organize the struggle on all fronts: in the spheres of legislation and regulations and in the financial, technical and social fields. Ambitious programmes will be implemented to preserve, protect and diversify plant cover, whether by intensive large-scale reforestation, tree planting on slopes in connection with the construction of relatively large dams, soil protection and rehabilitation works or structures and works to hold back run-off. The development of new and renewable energy resources will make it possible to reduce the use of forests for firewood and thus diminish excessive tree felling.

(d) Development of human resources

139. The success achieved by PPD has revealed the extent to which investment in human resources can prove fruitful and make for the achievement of self-reliant growth.

140. The development of human resources will, even more than in the past, continue to be a factor in Burkina Faso's strategy in the 1990s.

141. The education system as a whole and schools in particular will be oriented towards satisfying the fundamental needs of the population and the actual requirements of economic growth. The new education system will, while preserving academic work, reinforce manual work and restore it to its rightful place. The objective will be to help eliminate illiteracy, which lies at the root of obscurantism, itself a hurdle to the development and advancement of the community.

142. Transforming the country's women into economic actors that play as effective a role as men in all spheres of political, economic, social and cultural life will be one of the Government's main concerns.

143. Fallacious principles have been anchored too deeply and for too long in our habits and customs to assume that this objective will be easily achieved. More than anywhere else, in Burkina Faso the advancement of women is a response to the need to mobilize the nation's dynamic forces to achieve economic and social development.

(e) Controlled economic growth in the service of social development

144. The effective implementation of a master plan for territorial development will ensure resource allocation to achieve balanced sectoral and regional development, for the comparative advantages of each of the country's regions can thus be explored.

145. Priority should be given to developing production and production-support sectors to provide the country with a productive capacity capable of ensuring self-sustaining development. Agriculture is both the foundation and the driving force of growth. However, over the long term, efforts to identify the sectoral complementarities necessary for the development of agriculture should lead to an expanding and denser industrial infrastructure, both upstream and downstream, as well as to greater dynamism within the other sectors of activity as a whole.

146. Particular attention will be devoted to achieving a balance between the rate of development of productive capacity and that of the basic infrastructure, such as the road, rail and airport networks, storage and warehousing facilities, channels of supply and distribution, telecommunications, energy potential and support services.

147. As far as the institutional framework for growth is concerned, a threefold objective will be pursued:

(i) Creation of an environment conducive to the development of private initiative and private national enterprise;

(ii) Improvement of the operation of monetary and financial institutions so as to reap the greatest possible benefits from the country's membership of the West African economic and monetary communities;

(iii) A far-reaching reorganization of the semi-public sector.

148. Measures will be adopted to ensure effective grass-roots participation in selecting the major development options.

B. Stages in the economic development process towards the year 2000

149. In view of the genuine apprehension that holds back the development dynamic, it is essential to adjust the projected rate of growth so as to take into account the actual level of the national economy's absorptive capacity and gradually improving it.

150. It is necessary to design a long-term process comprising several stages, each defined in terms of measures to improve the situation in the previous stage and preparatory measures to ensure better conditions during the following stage.

151. Accordingly, the first Five-Year People's Development Plan, 1986-1990, was designed to continue the rehabilitation of the economic and social situation that had begun with the PPD. In this respect, it was unable to aim at a high rate of growth in so far as a major share of investment was earmarked for production-support sectors in order to restore the environment required for development.

152. The second Five-Year Plan, for the 1991-1995 period, will be designed to reinforce the economy's foundations by allocating greater resources to the productive sectors and to human resources. Moreover, measures taken between 1986 and 1990 will begin to bear fruit and make it possible to envisage a more sustained rate of growth, in the region of 4 per cent.

153. Lastly, the third Five-Year Plan, for the period 1996-2000, will mark the actual take-off of a process of economic growth and social progress marked by a high rate of GDP growth, in the region of 6 per cent. During this stage, the allocation of funds will begin to favour the social and education sectors, which will sustain and increase the rates of productivity of the country's economic base.

C. Structural Adjustment Programme

154. However, in order to achieve these long-term objectives it is necessary, even if the basic real and monetary macro-economic equilibria are not maintained, to ensure at least that the imbalances remain within acceptable limits in order to avoid jeopardizing the achievements of government strategy.

155. The Government is aware of the problem and, as part of the first Five-Year Plan, launched a programme of structural self-adjustment. On account of the lack of funds and the need to obtain the approval of the Bretton Woods institutions in order to gain access to substantial financial resources on advantageous terms, the Government has decided to resort to World Bank support in order to implement a Structural Adjustment Programme.

156. The substance of the programme currently being finalized by the Government and the World Bank will be a cornerstone of government action during the first half of the 1990s. The programme fits neatly into the Government's long-term strategy and into the policies implemented in support of the first Five-Year Development Plan (described in Part II of this Country Presentation) and repeated in the outline document for the preparation of the second Five-Year Plan, i.e.:

(i) An increase in agricultural production which will remain the main source of economic and export growth;

(ii) Development of private-sector activities, in particular through job creation thanks to more flexible trade, price and employment regulations and a dynamic and sound banking system;

(iii) Improvement of public-sector management; and

(iv) Promotion of basic education and primary health care. These structural reforms will be accompanied by macro-economic management designed to control overall demand, in particular that of the public sector, so as to encourage public and private saving.

157. The Adjustment Programme none the less, sets quantitative targets to be achieved during the first half of the 1990s. In view of the main objective, which is to improve the standard of living of the population, and of the domestic and external constraints on resources, Burkina Faso has set itself the following quantitative targets for 1990-1992:

(i) To achieve an actual average rate of GDP growth of approximately 4 per cent a year, which, in view of the rate of population increase, will permit per capita income to rise by approximately 1 per cent a year;

(ii) To limit the rate of inflation, as measured by the price index, to 3 per cent a year by 1992, in order to promote exports;

(iii) To cut the external current account deficit by 2.6 per cent of GDP over the coming three years.

158. To achieve these objectives the implementation of a set of economic, legal and institutional measures already announced under the first Five-Year Plan will be accelerated, while a gradual three-year public investment programme will be introduced within the broader perspective of the investment programme for the second Five-Year Plan now under preparation.

159. The Government will speed up its policy to establish a flexible and buoyant economic environment by adopting regulations to eliminate inflexibility and the various administrative and legislative bottle-necks affecting enterprises. The number of products and services subject to price control will be considerably reduced and procedures for price approval, which have already been eased, will continue to be made less cumbersome, particularly by replacing prior approval by a posteriori controls.

160. The Government has already reduced the number of controls in force throughout the domestic channels of distribution. In order gradually to limit public-sector interference in trade, the Government will reconsider its price stabilization policy as implemented by the General Price Equalization Fund (CGP) and by the CSPPA.

(a) Public finance

161. Reform of public finance will be undertaken without delay and will cover the following:

(i) Strengthening of budgetary and accounting procedures to improve control over the State's financial operations;

(ii) Reform of the tax system and the fiscal administration to increase revenue and rationalize incentives to economic development; and

(iii) Control and reorganization of expenditure.

162. The following measures will gradually be introduced in order to improve budget preparation and follow-up and to avoid building up fresh payments arrears:

(i) Reorganization of the Ministry of Finance to provide an efficient and centralized structure;

(ii) More careful preparation of the budget and reorganization of the classification of budgetary expenditure;

(iii) Streamlining of the expenditure circuit and elimination of a number of budgetary items;

(iv) Strict application of public accounting rules relating to the supplementary period; and

(v) Introduction of the new State accounting plan.

163. The rationalization of the fiscal system and the strengthening of the administration assumes, as announced by the Government as part of its support policies for the second Five-Year Plan, that the tax system will be reviewed in order gradually to replace border taxes by domestic taxation on production, distribution and consumption; thus, a general income tax (IGR) will be introduced, customs rates will be revised and a value added tax (VAT), currently being studied, will be introduced in place of the turnover tax (TCA) and the tax on services (TPS), which have a domino effect on prices.

164. The objective as regards public finance also implies a gradual reduction of State expenditure by 3 per cent of GDP over the three years ahead, without jeopardizing satisfactory operation of the public administration and ensuring adequate funds for priority sectors such as health, education, natural resources management and agriculture, as well as infrastructure maintenance.

165. Government efforts will essentially focus on control over and reorganization of public expenditure. To achieve this, the wage bill will be kept within tight limits for the duration of the programme.

(b) Monetary policy and reform of the banking system

166. As part of the monetary policy of WAMU (West African Monetary Union), the Government will adopt the necessary measures to keep the increase in credit and in the money supply within limits compatible with price stability and the balance-of-payments target.

167. Reorganization of the banking system will make it possible to strengthen financial intermediation, to improve resource allocation and to marshall savings. As part of this reorganization, the authorities have decided to cut back participation by the State and its bodies in bank capital.

(c) External sector

168. In order to reduce the external account deficit by approximately 2.6 percentage points of GDP during the period of the programme, external sector policies will aim to promote exports and to reduce imports other than those linked to the productive investment effort by means of careful demand management.

169. Exports will be encouraged by reducing the number of products that require an export permit, by eliminating export duties, reorganizing distribution channels and liberalizing the sale of products within the province of the Agricultural Produce Price Stabilization Fund (CSPPA).

170. In addition, it is planned to eliminate arrears in full during 1990 by rescheduling them as bilateral loans from members of the Paris Club and other multilateral creditors. This is without prejudice to any steps the Government may take to obtain, as a matter of priority, cancellation of any debts where possible. By addressing itself to the Paris Club, Burkina Faso will be able to benefit from the very concessional terms, known as the Toronto terms, specially introduced for the least developed countries.

(d) Public enterprises

171. The Government has established the principle of the State's withdrawal from the semi-public enterprises sector; it has already begun the process in two enterprises and has taken a minority share in a new mining enterprise.

172. In addition, the Government has decided to draw up a plan for the reorganization of the public enterprises sector. As part of this policy, the Government has set the following targets:

(i) The gradual elimination of subsidies and exemptions hitherto granted to enterprises in this sector;

(ii) The elimination of operating losses and improvement of the debt situation of enterprises, in particular with regard to banks; and

(iii) The achievement of full managerial autonomy for enterprises.

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